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C O N F I D E N T I A L SECTION 01 OF 02 VILNIUS 001523

SIPDIS

STATE FOR EUR/NB

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TAGS: [PGOV](#) [PREL](#) [LH](#)

SUBJECT: LITHUANIA'S NEW GOVERNMENT TAKES OFFICE WITH BROAD GUIDELINES BUT FEW SPECIFICS

REF: A. VILNIUS 1505

[1](#)B. VILNIUS 1496

[1](#)C. VILNIUS 1455

Classified By: Pol/Econ Officer Christian Yarnell  
for Reasons 1.4 (b) and (d)

[1](#)1. (C) SUMMARY: The 13th Government of Lithuania took power on December 14, when Parliament approved the Cabinet and program of Prime Minister Algirdas Brazauskas. Negotiations over two Ministerial posts proved difficult, with the President forcing substitute nominees and ultimately accepting as Interior Minister a controversial figure with alleged ties to a well-known criminal. The Government's program, while lacking many specifics, calls for construction of a new nuclear power plant and for a heavy social/economic agenda highlighting greater redistribution of wealth. The program also calls for continuity in foreign and security policy, emphasizing the importance of the transatlantic relationship and Lithuania's role as a regional leader in promoting democracy. With eight new ministers taking office, the broad policy goals of the new government remain unclear. We will immediately engage with members of the new government to encourage continued pursuit of political, economic, and trade objectives favorable to U.S. interests and foreign policy goals. END SUMMARY.

[1](#)2. (U) The Lithuanian Parliament approved the Cabinet and program of Prime Minister Algirdas Brazauskas on December 14 by a vote of 68 to 44, with three abstentions. Brazauskas and his 13 Cabinet Ministers officially took office after a swearing-in ceremony the same day. Lithuania's 13th government is the broadest coalition government in the country's post-Soviet history, and comprises the following four parties: Social Democratic Party (led by Brazauskas), New Union (led by Parliamentary Speaker Arturas Paulauskas), Labor Party (led by business magnate Viktor Uspaskich), and Peasant Party (led by former PM Kazimiera Prunskiene). The Conservatives (led by MP Andrius Kubilius), the Liberal Center Union (currently led by Vilnius mayor Arturas Zuokas), and the Liberal Democratic Party (led by impeached former President Rolandas Paksas) all officially declared themselves to be in opposition.

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The Cabinet  
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[1](#)3. (SBU) The December 14 vote marked the end to difficult negotiations over the composition of the Cabinet, with President Adamkus forcing two successive substitutions for the Minister of Science and Education nomination and one substitution for the Minister of Interior slot. Adamkus challenged but ultimately accepted the final candidate for MOI, Gintaras Furmanavicius. Lithuania's investigative services cleared Furmanavicius, but he remains a controversial figure because of allegations of previous business association with an accused embezzler (ref B), and Adamkus cautioned that he will ask Furmanavicius to resign should evidence of wrongdoing come to light. Juozas Antanavicius, the first replacement for Education Minister, withdrew his candidacy when information emerged revealing past collaboration with the KGB. Remigijus Motuzas, who subsequently assumed the job of Minister of Education, has a solid track record in government service and is known for his loyalty to Brazauskas.

[1](#)4. (U) The final Cabinet line-up is as follows:

-- Prime Minister:	Algirdas Brazauskas (Social Democrat)
-- Agriculture:	Kazimiera Prunskiene (Peasant Party)
-- Culture:	Vladimiras Prudnikovas (Labor)
-- Defense:	Gediminas Kirkilas (Social Democrat)
-- Economy:	Viktor Uspaskich (Labor)
-- Education:	Remigijus Motuzas (Social Democrat)
-- Environment:	Arunas Kundrotas (Social Democrat)
-- Finance:	Algirdas Butkevicius (Social Democrat)
-- Foreign Affairs:	Antanas Valionis (New Union)
-- Health:	Zilvinas Padaiga (Labor)
-- Interior:	Gintaras Jonas Furmanavicius (Labor)
-- Justice:	Gintautas Buzinskas (Labor)

-- Labor: Vilija Blinkeviciute (New Union)  
-- Transportation: Zigmantas Balcytis (Social Democrat)

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The Program  
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Social Agenda

15. (SBU) The Parliament-approved program outlined the broad goals of the new government, while shedding some of the more unrealistic campaign promises made by coalition partners. Brazauskas's program aims for "a socially-oriented market economy," promising a greater redistribution of wealth, lower unemployment, and a significant increase in the average and minimum wage by 2006. Increased subsidies to farmers, government intervention to control market prices, and pension reform, all election campaign proposals of various coalition parties, are conspicuously absent from the Brazauskas program. The program does, however, pledge to pursue the construction of a new nuclear reactor to replace the Soviet-era facility in Ignalina (ref A). Brazauskas has given a green light, and Prunskiene, the primary champion of the NPP construction initiative, already announced her support for French-controlled Framatome ANP, which is currently conducting a feasibility study for a new facility.

Foreign Policy Continuity

16. (U) The government program pledged continuity in its foreign and national security policy, emphasizing a need to bolster trans-Atlantic ties and to maintain good relations with neighboring countries. FM Valionis stressed that Lithuania would seek to become a "regional leader," promising to raise the profile of economic and social development in Kaliningrad. He also noted that a "new field of activity" has emerged in Ukraine, and that Lithuania will champion its eastern neighbor's bid for EU membership. Defense Minister Kirkilas, formerly chair of the Seimas foreign affairs committee, underscored that the government program obliged Lithuania to "continue successful work with NATO Alliance partners in the hot spots of the world."

17. (U) Opposition figures hailed the government's foreign and security policy as the best element of the program. Some MPs voiced concern, however, that the program did not go far enough in supporting democracy in Russia and Belarus. Vaclav Stankevic, influential member of the Foreign Affairs Committee, bluntly stated, "Our duty is to help Belarus' opposition create democracy." The opposition disparaged the social program as nothing more than a "collection of slogans and generalities," with the Liberal Center voicing its concern that the government's agenda will lead to a substantial increase in taxation, and criticized the government for failing to specify a target date for the introduction of the euro. (NOTE: The Chairman of the Lithuanian Central Bank has said that Lithuania is on track to join the euro zone in 2007.)

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Comment: Cabinet a Mixed Bag  
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18. (C) Holdover FM Valionis is a true Atlanticist with a commitment to the major policy goals of the United States. Yet while Valionis will strive to ensure continuity in Lithuania's foreign policy, the broader policy goals of Lithuania's 13th government remain to be seen. One prominent wild card is Uspaskich and his ideologically ambiguous Labor Party, which controls the most votes in Parliament despite its junior status within the Government. We are beginning to build a relationship with Uspaskich to promote implementation of economic policies favorable to U.S. investment and commerce. We will cultivate the interest he has shown in foreign investment, while working to ensure a level playing field for American businesses.

19. (C) Ag Minister Prunskiene, who has consistently called for Lithuania to follow more "European" policies, is also of concern. Although charged with agricultural affairs, Prunskiene is a political heavyweight capable of influencing policy in other spheres, including Lithuania's bid to retain a nuclear-energy production capacity and to construct a new plant.

110. (C) Since independence, the shelf life of Lithuanian governments has been relatively brief. We have therefore been in the position of dealing with an unfamiliar cast before. Because of the congruence of Lithuanian and American interests, our bilateral relationship has flourished anyway. We intend to emulate our past successes, introducing ourselves to the eight Ministers new to their roles and enlisting them in our effort to promote policies favorable to U.S. foreign policy goals.

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